

**CALIFORNIA FOUNDATION FOR
PUBLIC FACILITIES**

Independent Auditor's Reports
and Consolidated Financial Statements

For the Years Ended
June 30, 2022 and 2021



Certified
Public
Accountants

CALIFORNIA FOUNDATION FOR PUBLIC FACILITIES

For the Years Ended June 30, 2022 and 2021

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Independent Auditor's Report

To the Board Directors
California Foundation for Public Facilities

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of California Foundation for Public Facilities (the Corporation), a California nonprofit public benefit corporation, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of California Foundation for Public Facilities as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Audit Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Audit Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2023 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



San Diego, California
February 14, 2023

CALIFORNIA FOUNDATION FOR PUBLIC FACILITIES

Consolidated Statements of Financial Position

June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 6,370 | \$ 1,493 |
| Lease receivable | 133,915 | 128,801 |
| Total current assets | <u>140,285</u> | <u>130,294</u> |
| Noncurrent assets: | | |
| Lease receivable | <u>5,508,299</u> | <u>5,642,214</u> |
| Total assets | <u><u>\$ 5,648,584</u></u> | <u><u>\$ 5,772,508</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Note payable | \$ 133,915 | \$ 128,801 |
| Total current liabilities | <u>133,915</u> | <u>128,801</u> |
| Noncurrent liabilities: | | |
| Note payable | <u>5,508,299</u> | <u>5,642,214</u> |
| Total liabilities | 5,642,214 | 5,771,015 |
| Net assets: | | |
| Without donor restriction | <u>6,370</u> | <u>1,493</u> |
| Total liabilities and net assets | <u><u>\$ 5,648,584</u></u> | <u><u>\$ 5,772,508</u></u> |

See Accompanying Notes to the Consolidated Financial Statements.

CALIFORNIA FOUNDATION FOR PUBLIC FACILITIES

Consolidated Statements of Activities
For the Years Ended June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|--|-----------------|-----------------|
| SUPPORT AND REVENUE | | |
| Contributions | \$ 10,477 | \$ 5,881 |
| Interest income | <u>11</u> | <u>6</u> |
| Total unrestricted support and revenue | 10,488 | 5,887 |
| Net assets released from restrictions | <u>-</u> | <u>-</u> |
| Total increase in unrestricted net assets | <u>10,488</u> | <u>5,887</u> |
| EXPENSES | | |
| Support services | | |
| General and administrative | <u>5,611</u> | <u>6,461</u> |
| Change in net assets | 4,877 | (574) |
| NET ASSETS: | | |
| Beginning of year | <u>1,493</u> | <u>2,067</u> |
| End of year | <u>\$ 6,370</u> | <u>\$ 1,493</u> |

See Accompanying Notes to the Consolidated Financial Statements.

CALIFORNIA FOUNDATION FOR PUBLIC FACILITIES

Consolidated Statements of Activities (Continued)

For the Year Ended June 30, 2022

| | <u>Without Donor Restriction</u> | <u>Total</u> |
|---|---|---------------------|
| SUPPORT AND REVENUE: | | |
| Fee revenues | \$ 10,477 | \$ 10,477 |
| Interest income | 11 | 11 |
| | <hr/> | <hr/> |
| Total support and revenue | 10,488 | 10,488 |
| | <hr/> | <hr/> |
| EXPENSES: | | |
| Support services, general and administrative: | | |
| Annual fee expenses | 435 | 435 |
| General and administrative expenses | 5,176 | 5,176 |
| | <hr/> | <hr/> |
| Total expenses | 5,611 | 5,611 |
| | <hr/> | <hr/> |
| Change in net assets | 4,877 | 4,877 |
| | <hr/> | <hr/> |
| NET ASSETS: | | |
| Beginning of year | 1,493 | 1,493 |
| | <hr/> | <hr/> |
| End of year | \$ 6,370 | \$ 6,370 |
| | <hr/> <hr/> | <hr/> <hr/> |

See Accompanying Notes to the Consolidated Financial Statements.

CALIFORNIA FOUNDATION FOR PUBLIC FACILITIES

Consolidated Statements of Activities (Continued)

For the Year Ended June 30, 2021

| | Without Donor Restriction | Total |
|---|--------------------------------------|--------------|
| SUPPORT AND REVENUE: | | |
| Fee revenues | \$ 5,881 | \$ 5,881 |
| Interest income | 6 | 6 |
| | <hr/> | <hr/> |
| Total support and revenue | 5,887 | 5,887 |
| | <hr/> | <hr/> |
| EXPENSES: | | |
| Support services, general and administrative: | | |
| Annual fee expenses | 441 | 441 |
| General and administrative expenses | 6,020 | 6,020 |
| | <hr/> | <hr/> |
| Total expenses | 6,461 | 6,461 |
| | <hr/> | <hr/> |
| Change in net assets | (574) | (574) |
| | <hr/> | <hr/> |
| NET ASSETS: | | |
| Beginning of year | 2,067 | 2,067 |
| | <hr/> | <hr/> |
| End of year | \$ 1,493 | \$ 1,493 |
| | <hr/> <hr/> | <hr/> <hr/> |

See Accompanying Notes to the Consolidated Financial Statements.

CALIFORNIA FOUNDATION FOR PUBLIC FACILITIESConsolidated Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|--|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Changes in net assets | \$ 4,877 | \$ (574) |
| Net cash provided by operating activities | <u>4,877</u> | <u>(574)</u> |
| NET INCREASE (DECREASE) IN CASH | 4,877 | (574) |
| CASH | | |
| Beginning of year | <u>1,493</u> | <u>2,067</u> |
| End of year | <u><u>\$ 6,370</u></u> | <u><u>\$ 1,493</u></u> |
| Noncash Investing, Capital, and Financing Activities: | | |
| Lease receivable | \$ 128,801 | \$ 123,883 |
| Principal payments on note payable | (128,801) | (123,883) |

See Accompanying Notes to the Consolidated Financial Statements.

CALIFORNIA FOUNDATION FOR PUBLIC FACILITIES

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2022 and 2021

NOTE 1 - REPORTING ENTITY

The California Foundation for Public Facilities (the Corporation) was established on November 1, 2010 as a California nonprofit public benefit corporation, organized under the Nonprofit Public Benefit Law for public and charitable purposes. The Corporation was formed for the specific purpose of participating, assisting or advising in the administration of the California Municipal Finance Authority (CMFA), a joint exercise of powers authority created pursuant to Title I, Division 7, Chapter 5 of the Government Code of the State of California and to provide financial grants or other financial support or benefits to nonprofit organizations, foundations, and corporations to strengthen and enhance charitable activities throughout the State of California.

The City of Albany (City), California, requested the Corporation's assistance in financing a public works center for its municipal purposes. The Albany Public Works Center, LLC (Company) was formed on June 15, 2017 pursuant to the provisions of the California Revised Uniform Limited Liability Company Act (Act). The purpose of the Company is to facilitate the financing by the City of Albany of a public works center, to acquire, own, lease, sell or sublease real and personal property located at 540 Cleveland Avenue, Albany, California. The Corporation serves as the sole member and manager of the Company. The activity associated with the Company is included in the Corporation's financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Presentation

The accompanying consolidated financial statements of the Corporation have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which recognizes revenues when earned and expenses when incurred. Under the accrual basis of accounting, the Corporation recognizes contributions as revenue when they are received or when they are unconditionally pledged while expenses are recognized when the liability is incurred.

The Corporation presents its consolidated financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, and Subtopics 205, 210, 220 and 230. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of management.

Net assets with donor restrictions – net assets that are subject to donor-imposed restrictions, such as those that will be met by the passage of time or other events specified by the donor. When a restriction expires (generally, when expenses are incurred satisfying the restricted purpose), net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. There are no net assets with donor restrictions as of June 30, 2022 and 2021, respectively.

CALIFORNIA FOUNDATION FOR PUBLIC FACILITIES

Notes to the Consolidated Financial Statements (Continued)

For the Years Ended June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

The consolidated financial statements include the accounts of the Company. The Corporation is a sole member and manager of the Company. All significant intercompany transactions and balances are eliminated in consolidation.

Cash

For purposes of the Statements of Cash Flows, cash represents amounts held with financial institutions as demand deposits.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions can affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Corporation has \$140,285 and \$130,294 of financial assets available within one year of the statement of financial position date of June 30, 2022 and 2021, respectively, for general expenses. The financial assets available consist of cash in the amount of \$6,370 and \$1,493, and lease receivable of \$133,915 and \$128,801 as of June 30, 2022 and 2021, respectively. Of this balance, \$133,915 and \$128,801 is for the note payable due within one year, as of June 30, 2022 and 2021, respectively, and is not available for general purposes.

Management evaluates the Corporation's financial assets through annual budget reviews and monthly cash flow projections. Management has determined that financial assets are sufficient to manage its liquidity needs and meet operating expenses within one year of the statement of financial position date.

NOTE 4 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Corporation to concentration of credit risk consist of cash as demand deposits held with financial institutions, which at times, may exceed federally insured limits. The Corporation's cash balances at June 30, 2022 and 2021, respectively, were entirely insured.

NOTE 5 - LEASE RECEIVABLE AND NOTE PAYABLE

The City requested the Corporation's assistance in financing a public works center for its municipal purposes, to be situated on a parcel owned by the City.

CALIFORNIA FOUNDATION FOR PUBLIC FACILITIES

Notes to the Consolidated Financial Statements (Continued)

For the Years Ended June 30, 2022 and 2021

NOTE 5 - LEASE RECEIVABLE AND NOTE PAYABLE (Continued)

The City is obligated to make rental payments to the Corporation and the Company assigned the lease payments to Mechanics Bank. The term of the lease ends on December 31, 2047, unless the term is extended or terminated sooner.

The note bears interest at a fixed rate of 3.9% with an initial principal amount of \$6,211,720. Monthly principal and interest payments are due in the amount of \$29,299, with a final balloon payment of \$2,935,765 due no later than September 1, 2037.

As of June 30, 2022, the annual principal payments to maturity are as follows:

| Fiscal Year Ending June 30, | Amount |
|--------------------------------|---------------------|
| 2023 | \$ 133,915 |
| 2024 | 139,232 |
| 2025 | 144,760 |
| 2026 | 150,508 |
| 2027 | 156,484 |
| Thereafter | 4,917,315 |
| Total | <u>\$ 5,642,214</u> |

NOTE 6 - INCOME TAXES

The Corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and relevant state tax regulations. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to their exempt purposes.

The Corporation follows the provisions of Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, which provides standards for establishing, classifying, and disclosing any tax provision for uncertain tax positions. As of June 30, 2022, and 2021, respectively, the Corporation has concluded that there are no uncertain positions taken or expected to be taken that would require recognition of tax assets or liabilities or disclosure in the consolidated financial statements.

NOTE 7 - SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through February 14, 2023, which is the date the consolidated financial statements were issued. There were no subsequent events that required an adjustment to, or disclosure in the consolidated financial statements as of June 30, 2022.



**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
California Foundation for Public Facilities

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of California Foundation for Public Facilities (the Corporation), a California nonprofit public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated February 14, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

San Diego, California
February 14, 2023